



Committee On Finance

Max Baucus, Ranking Member

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Baucus Comments on EU Decision to Lift FSC/ETI Sanctions

(WASHINGTON, D.C.) U.S. Senator Max Baucus (D-Mont), ranking member of the Senate Finance Committee, issued the following statement on the European Union's decision to lift sanctions in the FSC/ETI dispute:

"My Senate colleagues and I worked hard for nearly two years to pass a bill to repeal FSC/ETI. It was a long and difficult challenge, but we finally succeeded earlier this month. President Bush signed the American Jobs Creation Act (the "Jobs Act") last Friday.

"In response, the EU has announced it will remove its sanctions on U.S. products. That's good news, but I'm concerned about the EU's apparent decision to challenge certain aspects of the Jobs Act in the WTO. Specifically, the EU takes issue with the two years of transition relief and the treatment of long-term leases that were signed with pricing assumptions based on the continuation of FSC/ETI benefits before it became clear that FSC/ETI would be repealed.

"These transition provisions are reasonable measures that flow from the impossibility of changing business plans overnight, and they contain much less generous transitional relief than the U.S. afforded the EU in the *Bananas* case. Any threat to reimpose sanctions because of these measures is outrageous.

"The EU has made no secret of its intention to link its willingness to lift FSC/ETI sanctions to the pending U.S. case against EU subsidies to Airbus. The EU decision to challenge the Jobs Act is clearly a misguided attempt to gain leverage in the Airbus dispute. I believe that's a dangerous strategy. It could set a terrible precedent that could do real harm to the WTO system. I urge the EU to reconsider challenging the Jobs Act."

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